

Message Text

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10

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-04

OES-06 SS-15 L-03 H-02 PA-01 PRS-01 USIA-06 /077 W

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R 291330Z APR 76

FM AMCONSUL ALEXANDRIA

TO SECSTATE WASHDC 0169

INFO AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY CAIRO

AMCONSUL CASABLANCA

AMCONSUL ISTANBUL

?AMEMBASSY RABAT 0005

AMEMBASSY TUNIS

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E.O. 11652: N/A

TAGS: EWWT, EG

SUBJECT: ALEXSHIP AND "OPEN DOOR" IN TROUBLE

REF: ALEXANDRIA 0256

1. KNOWLEDGEABLE ALEXANDRIA SHIPPING INDUSTRY SOURCE GAVE CONSUL GENERAL ON APRIL 29 VERY PESSIMISTIC VIEW OF FUTURE OF ALEXANDRIA SHIPPING AND NAVIGATION COMPANY (REFTEL) AND SO-CALLED "OPEN ECONOMIC DOOR" POLICY AS APPLICABLE SHIPPING INDUSTRY. SOURCE, FORMER HEAD OF FAMILY SHIPPING AGENCY NATIONALIZED UNDER NASSER WHO HAD BEEN HOPEFUL OF REESTABLISHING IN PRIVATE SECTOR, ASCRIBED TWO REASONS FOR "INEVITABLE" APPEALS TRIBUNAL OVERTURN OF ALEXSHIP'S LOWER COURT VICTORY LAST AUGUST.

2. FOREMOST AND MOST DAMAGING IS PERSONALITY OF ALEXSHIP FOUNDER AND MANAGING DIRECTOR, MAHMOUD ISMAIL. AS CONGEN HAS

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REPORTED OVER LONG MONTHS OF ALEXSHIP CONFRONTATION WITH

MARTRANS (GOE SHIPPING ORGANIZATION), MARITIME TRANSPORT MINISTRY AND TWO SUCCESSIVE MINISTERS IN PERSON, ISMAIL HAS AN ABRASIVE PERSONALITY WHICH TENDS TO CREATE ENEMIES IN GOE BUREAUCRACY WHERE NONE NEED HAVE EXISTED.

3. SECOND REASON, WHICH ISMAIL MODUS OPERANDI TENDS TO STRENGTHEN, IS GROWING AND REAL FEAR THAT SUCCESSFUL PRIVATE SECTOR OPERATIONS WOULD SOON DRIVE OVER-STAFFED AND UNDER-SKILLED MARTRANS OUT OF BUSINESS, LEAVING THREE THOUSAND GOVERNMENT EMPLOYEES LOOKING FOR JOBS.

4. CONGEN SOURCE SAYS, CONTRARY TO SOME PREVIOUS GUESSES (AND TIMETABLE OF ORIGINAL ALEXSHIP COURT VICTORY LONG AFTER LAST MINISTERIAL SHUFFLE), THAT FORMER PRIMIN HEGAZI WAS ISMAIL'S PROTECTOR AT COURT. HE SAYS CURRENT PRIMIN SALEM IS MORE INTERESTED IN PROTECTING MARITIME MINISTER ABDEL RAHMAN FAHMY AND THREATENED MARTRANS JOBS THAN IN "OPENING DOORS" TO PRIVATE ENTERPRISE IN SHIPPING SECTOR. SOURCE TELLS US (AGAIN IN CONTRAST TO AT LEAST CIRCUMSTANTIAL EVIDENCE THAT ISMAIL MUST ALSO HAVE HAD SUPPORT WITHIN PRESIDENCY ITSELF) THAT SADAT "KNOWS NOTHING AND CARES LESS" ABOUT CONTINUING MARTRANS EFFORTS TO CLOSE DOOR ON ALEXSHIP AND OTHER POTENTIAL PRIVATE SECTOR COMPETITORS.

5. RE ONLY DIRECT US INTEREST IN THIS SQUABBLE (ASIDE FROM SUPPORTING OPEN ECONOMIC DOOR IN PRINCIPLE) -- AMERICAN EXPORT LINES' RELATIONSHIP WITH ALEXSHIP -- CONGEN SOURCE PROVED DISAPPOINTINGLY VAGUE IF NOT ACTUALLY IGNORANT. HE COULD OFFER NO RPT NO ASSESSMENT OF WHETHER "JOINT VENTURE" STATUS OF THEIR PRESENT ARRANGEMENT WOULD MEAN THIS ELEMENT OF ALEXSHIP'S ACTIVITIES COULD CONTINUE IN FACE SUPREME ADMINISTRATIVE COURT'S INJUNCTION (PARA 2 REFTTEL).

6. COMMENT: IT IS EXTREMELY UNFORTUNATE THAT ISMAIL'S AGGRESSIVE AND ABRASIVE APPROACH TO "COEXISTENCE" BETWEEN PUBLIC AND PRIVATE SECTORS THREATENS WHAT MIGHT OTHERWISE BE SALUTARY EXAMPLE FOR ENCOURAGING MORE COMPETITIVE AND EFFICIENT OPERATIONS BY PUBLIC SECTOR AND ENCOURAGING TRULY "OPEN ECONOMIC DOORS" THAT WOULD BENEFIT EGYPTIAN ECONOMY BY BADLY-NEEDED FOREIGN INVESTMENT, TECHNOLOGY AND -- IN LONG RUN -- CREATION OF LIMITED OFFICIAL USE

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PRODUCTIVE EMPLOYMENT AS OPPOSED TO "MAKE-WORK" ATTITUDE OF MANY PUBLIC SECTOR ORGANIZATIONS TODAY.
CHASE

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Message Attributes

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Disposition Date: 28 MAY 2004
Disposition Event:
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